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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA)	
ROCKY MOUNTAIN POWER COMPANY'S)	CASE NO. PAC-E-15-14
APPLICATION FOR AUTHORITY TO CANCEL)	
ELECTRIC SERVICE SCHEDULE NO. 71 -)	COMMENTS OF THE
ENERGY EXCHANGE PROGRAM.)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued October 20, 2015, submits the following comments.

BACKGROUND

On November 20, 2015, PacifiCorp dba Rocky Mountain Power (the "Company") filed an Application asking the Commission for authority to cancel Electric Service Schedule No. 71, its Energy Exchange Program. The Company asked that the Application be processed under Modified Procedure.

Rocky Mountain is a public utility in the State of Idaho, subject to the Commission's jurisdiction. Application at 1; *Idaho Code* § 61-129.

Rocky Mountain first offered Electric Service Schedule No. 71, the Energy Exchange Program, to its customers in 2001 as an optional program “to reduce energy usage as quickly as possible.” Application at 2. Customers who wished to participate had to “execute an energy exchange customer agreement with the Company,” under which they would “voluntarily reduce their electricity usage in exchange for a payment at times and prices determined by the Company.” *Id.*

Under the Exchange Program, Rocky Mountain notified participating customers “of an exchange event when market prices were such that it was economic for the Company to encourage customers to reduce energy usage.” *Id.* In such event – called a “curtailment event” – those customers “had to maintain their electricity usage below the customer’s baseline service for the duration of the specified event.” *Id.* at 2, 3.

The program was available only to customers “with a monthly demand exceeding 1,000 kilowatts at least once during the [prior] twelve-month billing period.” *Id.* at 2. Participants had to agree to have a Company-provided meter “capable of recording usage intervals no less than 15 minutes.” *Id.*

Since its inception, participation in the program has been very limited; eight customers signed up in 2001 (four in Utah, two in Oregon, one in Washington, and one in Idaho). *Id.* at 2-3. No customers participated from 2001-2005. *Id.* at 3. Two Utah customers signed up from 2005-2008. *Id.* Since 2008, no customers have participated in the program. *Id.* No curtailment events have been offered since 2010. *Id.*

For commercial and industrial customers wishing to participate in the program, Rocky Mountain offers an Energy Profiler Online (“EPO”) energy management product. *Id.* The EPO helps customers “monitor and more efficiently utilize their energy usage,” and a component of the product is the “load curtailment module.” *Id.* The current EPO contract expires at the end of 2015. *Id.* Rocky Mountain proposes to “stop purchasing the load curtailment module” of the EPO program with its new contract beginning in 2016. *Id.*

In support of its request to cancel Schedule No. 71 and the Energy Exchange Program, the Company cites the limited customer participation since the program began, and the lack of any customer participation since 2008. *Id.*

STAFF ANALYSIS

Staff has reviewed the Application and supports the Company's proposal to cancel Electric Service Schedule No. 71, Energy Exchange Program. Staff investigated three aspects of the Energy Exchange Program to determine if it should be discontinued. First, Staff evaluated options the Company currently has available to reduce demand in an emergency. Second, Staff evaluated historical participation and the number of prior curtailment events. Finally, Staff evaluated the benefits customers receive from incentive payments and the cost of the program.

Emergency Demand Reduction

The Energy Exchange Program was initially designed to reduce electric demand during the Energy Crisis of 2001, which was triggered by the onset of poor hydropower conditions in the late spring of 2000. The near-record low runoff in 2001 resulted in almost 4,000 average megawatts less hydroelectric energy available than in an average year.¹ Since the exchange program was designed to mitigate the effects of the 2001 energy crisis, Staff inquired about whether other emergency demand reduction programs are in place in the event of a future crisis. The Company responded that it "has two special contracts with interruption capability in addition to the right to implement the Irrigation Load Control Program as a voluntary event as needed from June 1 through September 30 each year."² In addition, the Company has filed an updated curtailment plan (Case No. PAC-E-15-10) which includes provisions for emergency load shedding. Staff believes this combination of resources will provide more effective emergency demand reduction than the current Energy Exchange Program.

Participation

According to the Company, participation in the exchange program has always been limited. Eight customers participated during the initial offering in 2001, only one of which was in Idaho. From 2002 to 2004, the program had no participants until two customers from Utah enrolled in 2005 before canceling their enrollment in 2008. Currently, there are no customers participating in the exchange program, and no customers from Idaho have participated since 2001.

¹ Harrison, John. *Energy Crisis of 2000/2001*. Northwest Power and Conservation Council, 31 Oct. 2008. Web. 10 Dec. 2015. <https://www.nwcouncil.org/history/EnergyCrisis>

² Company Response to IPUC Data Request 1.

Staff asked the Company to describe how participants were solicited for participation into the program. The Company responded that it “contacted” eligible customers, but did not provide additional information about its recruiting efforts or the reasons customers gave for declining to participate. Staff believes it is possible that participation could have been higher by changing some aspects of the program. However, the fact that only one Idaho customer has ever participated in the current Exchange Program leads Staff to believe it has little if any value for the Idaho service territory when compared to the Company’s other options for emergency curtailment.

Staff also asked about the number of curtailment events offered to customers during the crisis, as well as in the decade following the crisis. The Company explained that in 2001, there was only one curtailment event. Otherwise, there have not been curtailment events offered to Idaho customers.

Customer Incentives and Program Costs

Staff investigated the benefits customers received from the incentive payments, and notes that the incentives or ‘exchange credits’ were provided based on an ‘hourly credit rate’ multiplied by the customers’ ‘exchange amount’ during an event. The hourly credit rate is determined by the Company, while the exchange amount is the difference between the customer’s baseline service level and their measured load for each hour during the event. Staff further notes that the program includes a minimum hourly credit rate ranging from 3.5¢/kWh to 7¢/kWh, determined by the notification time required by customers before an event.

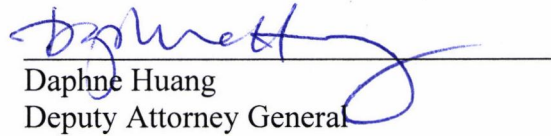
To better understand benefits the Idaho customer received from incentives, Staff requested documentation regarding the curtailment event in Idaho, and the exchange credit provided for the event. The response from the Company states that the Idaho participant received a total of \$9.66 for their participation in the event. This is the only incentive for the program in Idaho over its 15-year implementation.

Staff also assessed the costs of the Exchange Program by requesting information regarding the Energy Profiler Online (EPO) energy management product. More specifically, Staff inquired about the cost of the EPO as well as the load curtailment module. According to the Company, the annual cost for the EPO is \$85,428 per year, with the load curtailment module accounting for \$19,908, or 23% of the total cost. Staff notes that by discontinuing Schedule 71, Rocky Mountain Power customers will receive system-wide annual benefits of \$19,908 annually.

RECOMMENDATIONS

After careful examination, Staff recommends that the Commission accept the Company's Application for authority to cancel Schedule No. 71, Energy Exchange Program.

Respectfully submitted this 23rd day of December 2015.


Daphne Huang
Deputy Attorney General

Technical Staff: Mark Rogers
Stacey Donohue
Donn English

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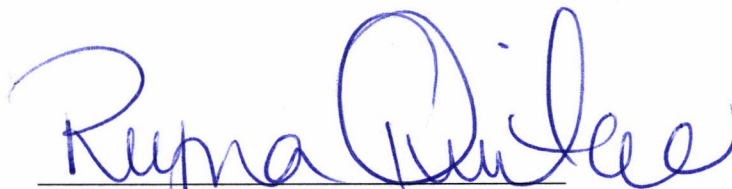
CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 23rd DAY OF DECEMBER 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-15-14, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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